



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0458	Title:	Repeal wholesale energy transaction tax
Primary Sponsor:	Olson, Alan	Status:	As Introduced

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2007 Difference</u>	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:					
General Fund	\$0	\$0	\$0	\$0	\$0
Revenue:					
General Fund	(\$1,907,000)	(\$3,827,000)	(\$3,811,000)	(\$3,818,000)	(\$3,818,000)
Net Impact-General Fund Balance:	<u>(\$1,907,000)</u>	<u>(\$3,827,000)</u>	<u>(\$3,811,000)</u>	<u>(\$3,818,000)</u>	<u>(\$3,818,000)</u>

Description of fiscal impact:

HB 458 repeals the wholesale energy transaction tax (WET) which is currently deposited into the general fund.

FISCAL ANALYSIS

Assumptions:

1. Section one of this bill provides for the refund of WET taxes collected for electricity transmitted after December 31, 2006.
2. Section two of the bill repeals 15-71-101 through 15-72-117, MCA, the WET tax statutes.
3. Section three of the bill makes the provisions of the bill effective on passage and approval.
4. Section four of this bill makes the bill applicable to electricity transmitted in the state after December 31, 2006.
5. The WET tax is collected quarterly within thirty days after the end of each calendar quarter. Taxes collected for the quarter ending March 31, 2007 will likely have to be refunded by the Department of Revenue. Taxes collected for the quarter ending June 30, 2007 would not be received.

6. The projected WET tax collections in HJR 2 for FY 2007, FY 2008, and FY 2009 are \$3.814 million, \$3.827 million, and \$3,811 million, respectively. For purposes of this fiscal note, WET tax collections for FY 2010 and FY 2011 are assumed to be \$3.818 million.
7. WET tax collections for the quarter ending March 31, 2007 are estimated to be \$953,500 (\$3.814 million / 4). It is assumed that these refunds will occur in FY 2007. WET tax collections for the quarter ending June 30, 2007 are estimated to be \$953,500 (\$3.814 million / 4).
8. General fund revenue loss in due to this bill will be \$1.907 million in FY 2007 (\$953,500 + \$953,500), \$3.827 million in FY 2008, \$3.811 in FY 2009, \$3.818 million in FY 2010, and \$3.818 in FY 2011.
9. Currently there are less than 10 taxpayers that file quarterly WET tax returns. Under the legislation that created the WET tax, the Department absorbed the cost required to administer the tax. The repeal of the WET tax would result in a limited amount of cost savings in the future fiscal years.

	<u>FY 2007 Difference</u>	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>					
<u>Revenues:</u>					
General Fund (01)	<u>(\$1,907,000)</u>	<u>(\$3,827,000)</u>	<u>(\$3,811,000)</u>	<u>(\$3,818,000)</u>	<u>(\$3,818,000)</u>
TOTAL Revenues	<u><u>(\$1,907,000)</u></u>	<u><u>(\$3,827,000)</u></u>	<u><u>(\$3,811,000)</u></u>	<u><u>(\$3,818,000)</u></u>	<u><u>(\$3,818,000)</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01)	(\$1,907,000)	(\$3,827,000)	(\$3,811,000)	(\$3,818,000)	(\$3,818,000)

Long-Range Impacts:

1. This bill would reduce state general fund revenue collections by about \$3.8 million annually for the foreseeable future.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date